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Oppose part c of SB 292

My name is Eric Santini and I am a builder/developer from Ellington, CT and the President and Chairman of the Home Builders and Remodelers Association of Connecticut. Our Association represents builders, remodelers and associate businesses who provide services to the home building industry. Our members build approximately 75% of all new homes and apartments in the State of Connecticut. In addition, our remodeler members engage in home remodeling projects over the entirety of our state. The majority of our members are small family-owned businesses that have deep roots in their local communities.

The current state of the Connecticut home building industry, despite the robust real estate market that we have been enjoying for the last few years, has been challenging. Our production numbers simply do not meet the overall housing needs of our state. In 2021, we had approximately 3,200 housing starts including multi-family units statewide. That represents a nearly 10-year low. For reference, we were building over 10,000 homes per year in 2003-2005. Housing starts have remained a fraction of the pre-2008 levels for the past 13 years. This has led to a housing affordability crisis as well as an older and more energy inefficient housing mix in our state.

Mandating electrification of heating and hot water systems in new residential construction and major remodels has major unintended consequences and ignores the reality of the Connecticut housing stock. As you are aware, our state building code adoption process incorporates the most recent International Energy Conservation Code (IECC). The IECC is updated every 3 years and is absorbed into our state building code based on our building code adoption cycle. Therefore, new residential construction is consistently being built more efficient. In fact, the average new home in Connecticut is built twice as efficiently as the average resale in the marketplace. The progressive changes to the energy code require our builders to incur costs that resale homes don't have to. If we desire to make a

real, substantial and sustainable impact to our energy usage in the state, we should focus our attention on incentivizing energy retrofits to one of the oldest housing stocks in the country which totals over 1.5 million households per that latest US census numbers instead of mandating costly upgrades to HVAC and water heating systems to builders who are already required to build under a progressive energy code. Certainly the 3,200 housing starts that we built in 2021 under the most current energy code does not represent the true challenge that our state faces in meeting Governor Lamont's climate objectives.

Mandating electrification of heating and hot water heating systems on significant home renovations may make much needed improvements to our old housing stock out of reach for some homeowners. For example, if a homeowner is interested in remodeling a home to make it handicapped accessible for a loved one or more family-friendly for new children or just safer for its inhabitants, under this bill they may be required to replace the entire HVAC system and hot water system at a significant cost that the home may or may not need.

Our Association is firmly committed to building more energy efficiently and are very aware of the climate crisis that we currently face. We believe that transitioning from time-tested and dependable fuel sources such as natural gas and propane that are used in new home heating and hot water heating systems efficiently should be a pragmatic process that educates and incentivizes consumers and builder/developers to consider electrification. These incentives will level the playing field for new construction when competing against resale homes and encourage homeowners who are planning major upgrades to their home to consider electrification of their heating system as an essential part of their project. The adoption of electric heating and hot water heating systems is analogous to adoption of electric vehicles. Incentives were used successfully during the early years while product development and consumer preferences changed to the point where nearly all major automobile manufacturers have announced plans to fully or partially transition to electric fleets in the coming years. The market has made a choice to gravitate towards electric vehicles and manufacturers are responding. This too can happen with residential construction.

If we are going to take the Governor's climate change initiative seriously, it is imperative that we focus on the root of the cause and oppose section c of Senate Bill 292. Thank you for your consideration.